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BEFORE THE ARIZONA CORPORATION COMM

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Arizona Corporation Commission

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GARY PIERCE, Chairman
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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

MAY 2 2011

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF)
GOODMAN WATER COMPANY, AN ARIZONA)
CORPORATION, FOR (i) A DETERMINATION)
OF THE FAIR VALUE OF ITS UTILITY PLANT)
AND PROPERTY AND (ii) AN INCREASE IN)
ITS WATER RATES AND CHARGES FOR)
UTILITY SERVICE BASED THEREON.)

DOCKET NO: W-02500A-10-0382

**NOTICE OF SUBMITTAL OF
REBUTTAL TESTIMONY
BY AN INTERVENOR**

By means of this filing, Lawrence Wawrzyniak hereby is submitting copies of rebuttal testimony in response to testimony from Mr. Marlin Scott, Jr. and Mr. Gary T. McMurry of the Arizona Corporation Commission.

RESPECTFULLY SUBMITTED this 2nd day of May, 2011.

Lawrence Wawrzyniak

39485 S. Mountain Shadow Dr.
Tucson, AZ 85739
Phone: (520) 825-6672
E-mail: LWawrzyniak05@comcast.net

ORIGINAL and Thirteen (13)
copies of the foregoing to be
filed the 2nd day of May, 2011
with Docket Control.

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

1 A copy of the foregoing Notice will
2 be emailed or mailed this same date:

3
4 Jane L. Rodda, Administrative Law Judge
5 Hearing Division
6 Arizona Corporation Commission
7 400 West Congress, Suite 218
8 Tucson, AZ 85701
9

10 Janice Alward, Chief Counsel
11 Legal Division
12 Arizona Corporation Commission
13 1200 W. Washington Street
14 Phoenix, AZ 85007
15

16 Steven Olea, Director
17 Utilities Division
18 Arizona Corporation Commission
19 1200 W. Washington Street
20 Phoenix, AZ 85007
21

22 Daniel Pozefsky
23 Chief Counsel
24 Residential Utility Consumer Office
25 1110 West Washington, Suite 220
26 Phoenix, AZ 85007
27

28 Lawrence V. Robertson, Jr., Esq.
29 Goodman Water Company
30 P.O. Box 1448
31 Tubac, AZ 85646
32

33 James Schoemperlen
34 Intervenor
35 39695 S, Horse Run Dr.
36 Tucson, AZ 85739
37

38 Tim Coley
39 Residential Utility Consumer Office
40 1110 West Washington, Suite 220
41 Phoenix, AZ 85007
42
43

BEFORE THE ARIZONA CORPORATION COMMISSION

**IN THE MATTER OF THE
APPLICATION OF GOODMAN WATER
CORPORATION, FOR (i) A
DETERMINATION OF THE FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND (ii) AN INCREASE IN
ITS WATER RATES AND CHARGES
FOR UTILITY SERVICE BASED
THEREON.**

DOCKET NO: W-02500A-10-0382

REBUTTAL TESTIMONY OF

LAWRENCE WAWRZYNIAK

**IN RESPONSE TO TESTIMONY FROM:
MR. MARLIN SCOTT, JR. AND MR. GARY T. MCMURRY
OF THE
ARIZONA CORPORATION COMMISSION
(RATE BASE, INCOME STATEMENT AND RATE DESIGN)**

May 2, 2011

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2 **Q1. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A1. My name is Lawrence Wawrzyniak. My home address is 39485 S.
4 Mountain Shadow Dr., Tucson, AZ 85739.

5 **Q2. PLEASE INDICATE ANY UNIQUE QUALIFICATIONS.**

6 A2. I have been a member of the Eagle Crest Ranch Homeowners Advisory
7 Committee (HEAC) since 2006 and serving as HEAC Chairman in 2008
8 and 2009. I am currently as Chairman of the Landscape and
9 Maintenance Committee. The HEAC advises the Declarant controlled
10 HOA Board.

11 **Q3. ON WHOSE BEHALF ARE YOU TESTIFYING?**

12 A3. I am testifying on behalf of myself as an Intervenor in this case

13 **Q4. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
14 **CASE?**

15 A4. I am testifying in opposition to positions taken by the Arizona
16 Corporation Commission Staff (Staff).

17 **Q5. PLEASE SUMMARIZE THE AREAS WHERE YOU HAVE PROBLEMS WITH**
18 **POSITIONS TAKEN BY THE ARIZONA CORPORATION COMMISSION**
19 **STAFF.**

20 A5. I have three main objections to Staff's analysis of the GWC proposal:
21 commercial fire flow, calculated excess storage tank capacity and
22 summary of customer complaints.

23 **COMMERCIAL FIRE FLOW**

24 I disagree with Staff's (Mr. Marlin Scott, Jr.) acceptance of the
25 Commercial Fire Flow requirements as indicated by GWC. Why should
26 Homeowners have to pay for the commercial fire flow rate of 2,000
27 GPM vs. the residential fire flow rate of 1,000 GPM as shown in the
28 system analysis, page 4; item 2. The Commercial Property is owned by
29 EC Development whose principle owners are also the principle owners

1 requirement is just another example of Excess Capacity. It is my
2 opinion that the owners of the commercial property should bear the
3 cost of the commercial fire flow rates and not the Homeowners.

4 I have shown in my initial testimony (page 5, line 22), that the
5 acceptable residential fire flow requirement is 1,000 GPM at 20 PSI.

6 Staff should also treat the South K Zone 1,500 GPM Fire Flow rate as
7 deduction when considering capacity rather than an addition. The
8 modifications to Water Plant No. 4 that increased the South K Zone to
9 1,500 GPM fire flow rate was done to the benefit of the Builder and
10 part owner of GWC. This plant modification allowed DR Horton to
11 avoid installing Automatic Fire Sprinkler Systems in 22 homes. For
12 these 22 homes (2.3% of the estimated 957 total potential lots in ECR)
13 See Appendix A1, the rest of the homeowners have to pay for the
14 extra 60,000 gallons of Fire Flow water storage. The overhead in
15 storage requirements caused by this higher fire flow rate presents an
16 inequity between homeowners and commercial customers with no
17 benefit to the homeowners.

18 Staff has indicated that the current system, even with the 2,000 GPM
19 commercial fire flow, can now support 3,000 connections or 343%
20 (3,000/875) in excess capacity. When considering the estimated
21 commercial load of 331 additional connections there is still 249%
22 (3,000/ (875+331)) in excess capacity. If you were to base the
23 connections based only on residential fire flow, the overall number of
24 connections increases to 3,521 ((= 930,000-120,000)/230). But the real
25 difference when comparing fire flow rates is the effect it has on the
26 storage tank requirements.

27 When using the residential fire flow rate of 1,000 GPM x 2 hours or
28 120,000 GPD and the five year demand of 201,250 GPD (=230
29 GPD/connection x 875 connections(Staff's five year projected number
30 of homes built)), the total is 321,250 GPD still leaves 78,750 gallons or
31 19.7% excess capacity in the original storage tank. The conclusion
32 reached with Residential Fire Flow is that the entire second 530,000
33 gallon storage tank is excess capacity.

EXCESS STORAGE TANK CAPACITY

Regarding Staff's (Mr. Marlin Scott, Jr.), Plant-in-Service Adjustments in page 5, section E.1, Staff used the Commercial Fire Flow requirement of 240,000 GPD when calculating total storage tank capacity and then double counts the fire flow storage requirements by adding another 180,000 gallons for the K-Zone customers served by Water Plant #4 in Page 5, section E.4. Is Staff inferring that the total required storage capacity for fire flow is 420,000 GPD or is this, an error?

Water Plant #4 was modified at the request of DR Horton to avoid having to modify an initial 6 homes that were constructed without automatic fire sprinkler systems. Another 16 homes were added to this group for a total of 22 homes. GWC should be penalized for allowing a part owner of GWC to create this intergenerational inequity by having the extra 60,000 GPD removed from total GPD estimates when calculating excess tank storage capacity.

I suggest Staff revisit their calculations of total Fire Flow Storage Capacity using the Residential Fire Flow rate of 1,000 GPD for 2 hours since we do not have any commercial development.

The resulting calculation would show the five year demand at 201,250 GPD ($=23\text{ GPD/connection} \times 875\text{ connections}$) plus residential fire flow (120,000 GPD) totals 321,250 GPD with 78,750 GPD reserve. They have to conclude that the second 530,000 gallon tank is 100% excess capacity. Therefore, not only should the cost of the tank be deducted as excess capacity but the entire water plant #3 cost which GWC reported as \$542,430.84 for the total cost of the 530,000 gallon tank and related equipment in Staff's Data Request Number 3, response MSJ-3.9.

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CUSTOMER COMPLAINTS

In Staff's (Mr. Gary T. McMurry) summary of customer complaints, Page 4 Section III, Lines 9 to 14, it was stated that there were 287 opinions opposed to the rate increase between January 1, 2008 and March 7, 2011. The ACC Document Control office chose to enter multiple homeowner filings under one document number. In the time period of October 1, 2010 to January 6, 2011 alone, the actual number of opinions opposing the rate increase is 479. See Appendix A2.

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APPENDIX A

Street Name	Street Address	Lot Number	House Type K or W	Sprinkler System		Water Meter	Fire Zone	Building Phase	House Count
				YES	NO				
S Mountain Shadow Dr	40046	143	K		X	5/8"	J	I	1
	40126	147	K		X	5/8"	J	I	1
	40146	148	W		X	5/8"	J	I	1
	40051	154	K		X	5/8"	J	I	1
	40031	155	K		X	5/8"	J	I	1
	39991	157	K		X	5/8"	J	1	1
	39692	360	K		X	5/8"	K	II-B	1
	39682	361	W		X	5/8"	K	II-B	1
	39572	364	K		X	5/8"	K	II-B	1
	39683	369	K		X	5/8"	K	II-B	1
	39661	370	K		X	5/8"	K	II-B	1
	39508	366	W		X	5/8"	K	II-B	1
Fire Code-One Entrance St.	39484	419	W	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39448	416	K	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39424	414	K	X		1"	K	III-B	1
Fire Code-One Entrance St.	39376	410	K	X		1"	K	III-B	1
Fire Code-One Entrance St.	39316	406	K	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39280	403	W	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39268	402	K	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39256	401	W	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39244	400	W	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39232	399	K	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39249	394	K	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39327	388	K	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39371	384	W	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39413	381	K	X		3/4"	K	III-B	1
Fire Code-One Entrance St.	39473	379	W	X		1"	K	III-B	1
Rock Ledge Loop	60954	193	W		X	5/8"	K	I	1
	60942	191	K		X	5/8"	K	I	1
	60870	188	K		X	5/8"	K	I	1
	60852	186	K		X	5/8"	K	I	1
	60835	161	W		X	5/8"	K	I	1
	60841	162	W		X	5/8"	K	I	1
	60847	163	W		X	5/8"	K	I	1
	60853	164	K		X	5/8"	K	I	1
	60859	165	K		X	5/8"	K	I	1
	60865	166	K		X	5/8"	K	I	1
Eagle Mountain Dr	60825	591	K	X		3/4"	K	IV-B	1
	60837	592	K	X		3/4"	K	IV-B	1
	60889	596	K	X		3/4"	K	IV-B	1
	60985	603	K	X		3/4"	K	IV-B Model	1
	60902	611	K	X		3/4"	K	IV-B	1
	60616	724	K	X		3/4"	K	IV-B	1
Eagle Ridge Dr	60922	918	K	X		3/4"	K	V-B	1
	60755	877	W	X		3/4"	K	V-B	1
	60417	893	K	X		3/4"	K	V-B	1
	60441	892	K	X		3/4"	K	V-B	1
Running Roses Lane	39070	751	W	X		3/4"	J	V-A	1
	39091	756	W	X		3/4"	J	V-A	1
Quick Trot Dr	39136	867	W	X		3/4"	J	V-A Model	1
House Type: K=Kopopelli 4,334 sq. ft. W=Windsong 3,674 sq. ft.									
TOTAL LARGE HOUSES									50
Note: All houses in Phase IV-C require Fire Sprinkler due to Fire Code for One Entrance St.									

Date	ACC Document Number	Number of individual Documents
10/5/2010	118603	1
10/8/2010	118702	1
10/8/2010	118706	1
10/12/2010	118741	1
10/12/2010	118749	17
10/12/2010	118750	1
10/13/2010	118756	1
10/13/2010	118763	4
10/13/2010	118768	1
10/13/2010	118770	19
10/13/2010	118778	3
10/14/2010	118803	208
10/14/2010	118807	4
10/14/2010	118812	4
10/18/2010	118880	96
10/18/2010	118887	1
10/18/2010	118888	1
10/19/2010	118908	8
10/20/2010	118977	7
10/21/2010	118991	1
10/22/2010	119026	26
10/26/2010	119096	8
10/27/2010	119130	1
10/28/2010	119162	1
10/29/2010	119205	1
11/1/2010	119252	20
11/3/2010	119771	11
11/16/2010	120051	1
11/29/2010	120313	21
11/30/2010	120357	1
12/9/2010	120626	1
12/10/2010	120641	1
12/10/2010	120642	1
12/12/2010	120643	3
12/20/2010	120914	1
1/7/2011	121859	1
	TOTAL	479